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RTD UPDATES: Agricultural Real Estate Taxes

Data updates from the Resources and Technology Division

Economic Research Service
U.S. Department of Agriculture

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Number 1

Agricultural Real Estate Taxes Rise 3 Percent

- **Taxes levied on U.S. agricultural real estate (land and buildings) by State and local governments totaled \$4.9 billion in tax year 1992, according to the most recent Agricultural Real Estate Tax Survey.**
- **The U.S. average tax per acre was \$5.78, up from \$5.61 the previous tax year.**
- **The average tax per \$100 of full market value on U.S. agricultural real estate rose over the previous year from \$0.82 to \$0.84.**

This issue of RTD UPDATES summarizes the agricultural real estate tax data from a nationwide survey of approximately 4,200 taxing jurisdictions. (Alaska is excluded because of difficulties in determining the amount of privately owned taxable agricultural land in the State.) The survey asks for data on taxes levied (tax bill) rather than taxes paid because of taxpayer challenges or delinquencies, both of which may take several years to resolve. Over time, taxes levied and taxes paid are about equal. These annual survey data become part of a USDA data series on agricultural real estate taxes, by State and the Nation, that dates from 1890 for taxes per acre and from 1909 for total taxes and taxes per \$100 of full market value.

Compared with 1991, taxes per acre in 1992 averaged higher in 38 States, lower in 9, and unchanged in 2. Taxes per \$100 of full market value were higher in 33 States, lower in 14, and unchanged in 2. Taxes varied widely among the States, ranging in 1992 from \$0.41 per acre in New Mexico to \$54.38 in Rhode Island. Taxes per \$100 of full market value ranged from \$0.10 in Delaware to \$3.32 in Michigan.

Variations in State taxes result in part from (1) the degree that States rely on real estate taxes, rather than income or sales taxes, as a source of local revenue; and (2) the extent that States provide tax relief, such as preferential land-use assessment, homestead and old age exemptions, and veterans' preferences.

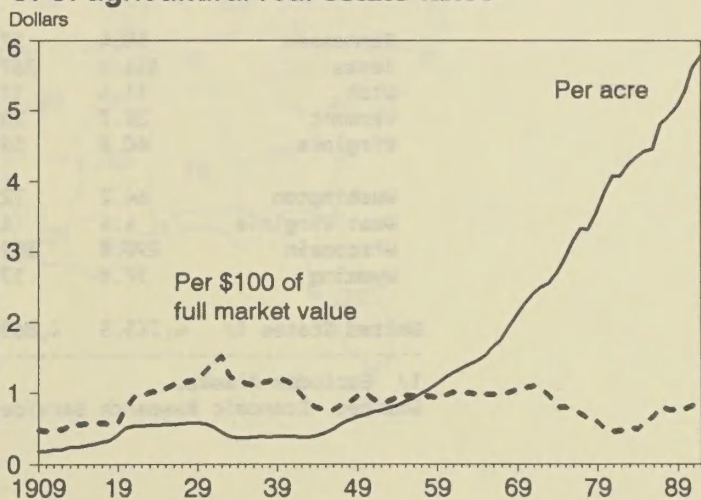
All States have laws on preferential (or deferred) land-use assessment of farmland. These laws provide that farmland devoted to farming be assessed on the basis of its use as farmland and not on its market value. Not unexpectedly, these laws vary from State to State according to, for example, minimum acreage requirements, minimum number of years in farming, percentage of gross annual income the landowner receives from the land, penalties for converting the land to a non-farming use, and so forth.

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About RTD UPDATES

RTD UPDATES is a semimonthly series featuring data relating to agricultural resources, the environment, food safety, and technology. These **UPDATES** report recent data from surveys of farm operators and others knowledgeable about changing agricultural resource conditions, with only minimal interpretation or analysis. Please contact the individual listed at the end of the text for additional information about the data in this **UPDATE**. If you would like to be added to the mailing list or have other questions about **RTD UPDATES**, contact Richard Magleby, (202) 219-0436.

U. S. agricultural real estate taxes



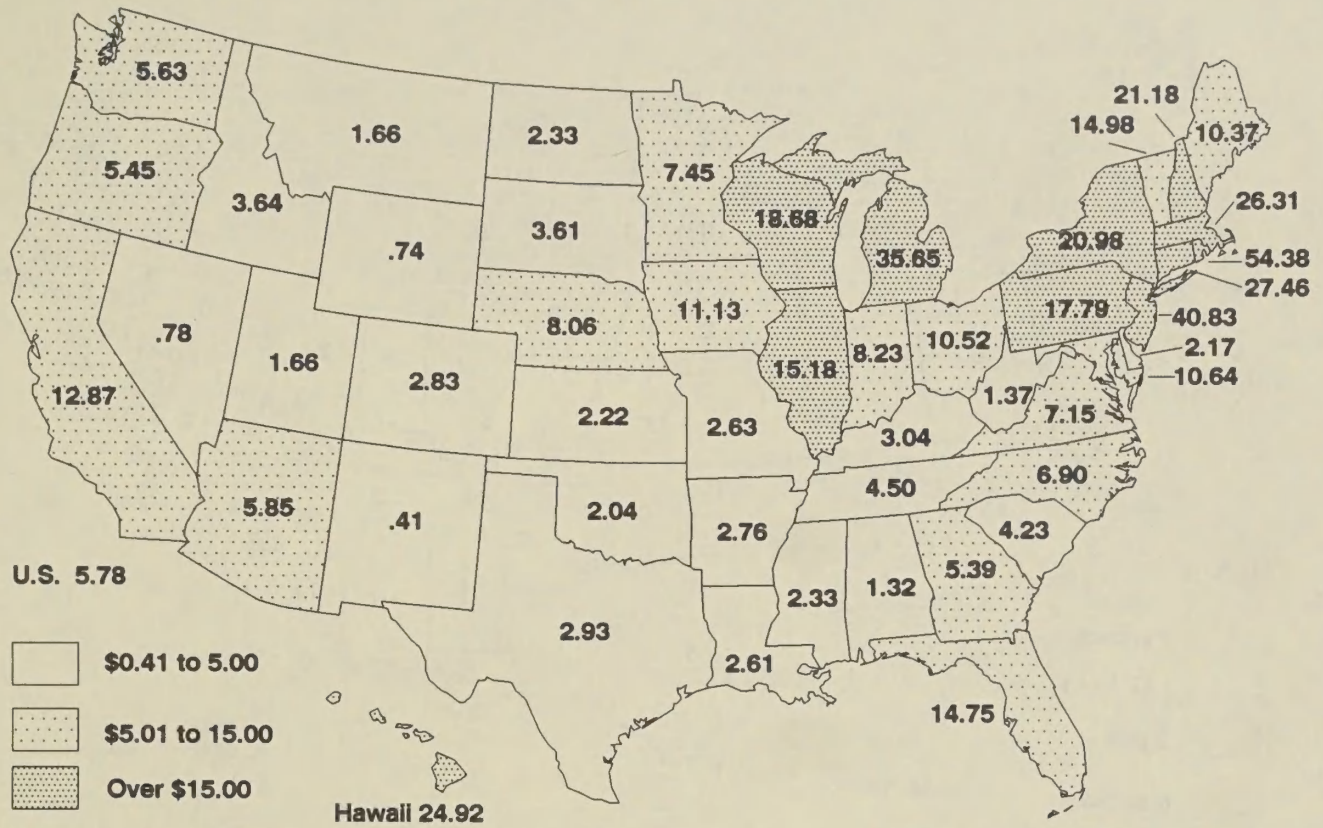
Taxes levied on agricultural real estate, by State, 1991-92

State	Total taxes		Average tax per acre		Taxes per \$100 of full market value	
	1991	1992	1991	1992	1991	1992
	Million dollars		Dollars		Dollars	
Alabama	11.2	10.9	1.33	1.32	0.17	0.16
Arizona	48.9	49.2	5.81	5.85	2.04	1.94
Arkansas	41.8	38.0	3.01	2.76	0.39	0.38
California	277.2	314.1	11.17	12.87	0.63	0.73
Colorado	81.3	81.2	2.84	2.83	0.69	0.77
Connecticut	10.0	10.0	26.71	27.46	0.63	0.68
Delaware	1.2	1.2	2.09	2.17	0.09	0.10
Florida	130.2	143.8	13.36	14.75	0.63	0.72
Georgia	60.0	53.4	6.05	5.39	0.61	0.60
Hawaii	36.5	42.3	21.48	24.92	0.59	0.69
Idaho	39.0	40.4	3.50	3.64	0.53	0.53
Illinois	402.1	428.6	14.19	15.18	0.99	1.01
Indiana	140.3	131.0	8.82	8.23	0.69	0.63
Iowa	343.7	350.2	10.89	11.13	0.94	0.95
Kansas	124.6	102.7	2.69	2.22	0.58	0.46
Kentucky	37.7	41.6	2.76	3.04	0.29	0.31
Louisiana	19.1	19.4	2.54	2.61	0.28	0.29
Maine	13.1	13.5	10.06	10.37	1.03	1.11
Maryland	23.1	22.7	10.60	10.64	0.48	0.47
Massachusetts	14.7	15.3	25.24	26.31	0.70	0.77
Michigan	351.4	359.5	34.85	35.65	3.21	3.23
Minnesota	181.8	196.1	6.86	7.45	0.79	0.85
Mississippi	22.5	22.7	2.31	2.33	0.31	0.32
Missouri	74.4	75.9	2.58	2.63	0.37	0.38
Montana	77.5	80.5	1.59	1.66	0.65	0.66
Nebraska	344.2	352.8	7.87	8.06	1.41	1.42
Nevada	3.7	4.1	0.69	0.78	0.32	0.34
New Hampshire	8.4	8.3	20.82	21.18	0.97	1.04
New Jersey	34.6	35.0	40.35	40.83	0.82	0.86
New Mexico	11.8	12.5	0.39	0.41	0.17	0.17
New York	163.6	165.4	20.51	20.98	1.99	2.00
North Carolina	59.4	58.5	6.92	6.90	0.56	0.55
North Dakota	85.5	87.0	2.29	2.33	0.62	0.65
Ohio	155.7	155.9	10.31	10.52	0.85	0.84
Oklahoma	61.8	63.6	2.04	2.04	0.42	0.41
Oregon	100.2	86.2	6.22	5.45	1.07	0.90
Pennsylvania	133.5	131.8	17.79	17.79	1.01	0.98
Rhode Island	2.7	2.9	49.63	54.38	1.03	1.18
South Carolina	16.9	19.5	3.66	4.23	0.39	0.45
South Dakota	124.1	133.4	3.35	3.61	0.96	0.99
Tennessee	50.4	52.3	4.41	4.50	0.45	0.46
Texas	354.1	367.5	2.80	2.93	0.58	0.63
Utah	11.4	11.7	1.62	1.66	0.40	0.39
Vermont	20.7	20.8	14.49	14.98	1.30	1.38
Virginia	60.8	59.0	7.29	7.15	0.56	0.52
Washington	64.2	72.3	5.00	5.63	0.63	0.71
West Virginia	4.4	4.6	1.32	1.37	0.21	0.19
Wisconsin	290.8	302.2	17.77	18.68	2.08	2.15
Wyoming	17.1	17.5	0.72	0.74	0.47	0.54
United States 1/	4,743.3	4,869.2	5.61	5.78	0.82	0.84

1/ Excludes Alaska.

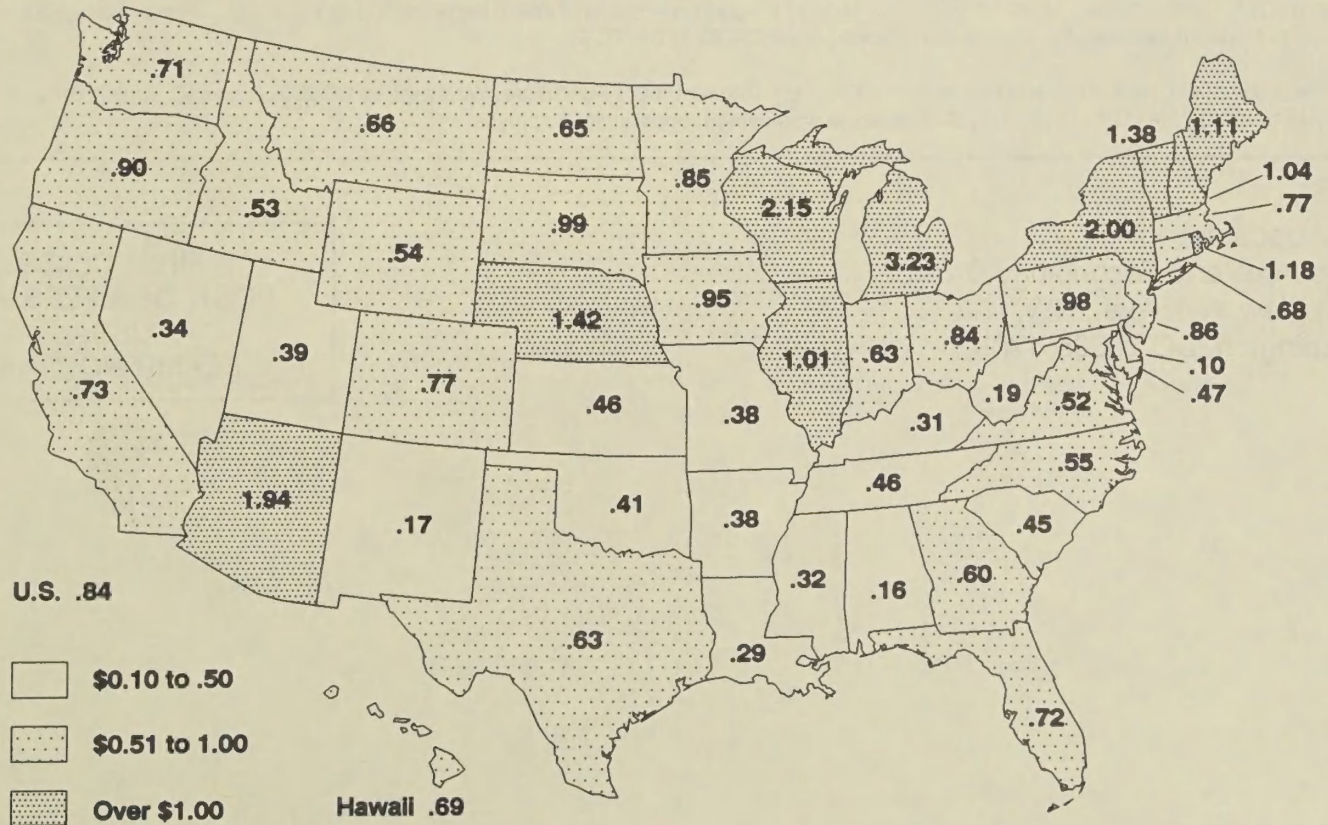
Source: Economic Research Service, Agricultural Real Estate Tax Survey.

Agricultural real estate taxes, average per acre, 1992



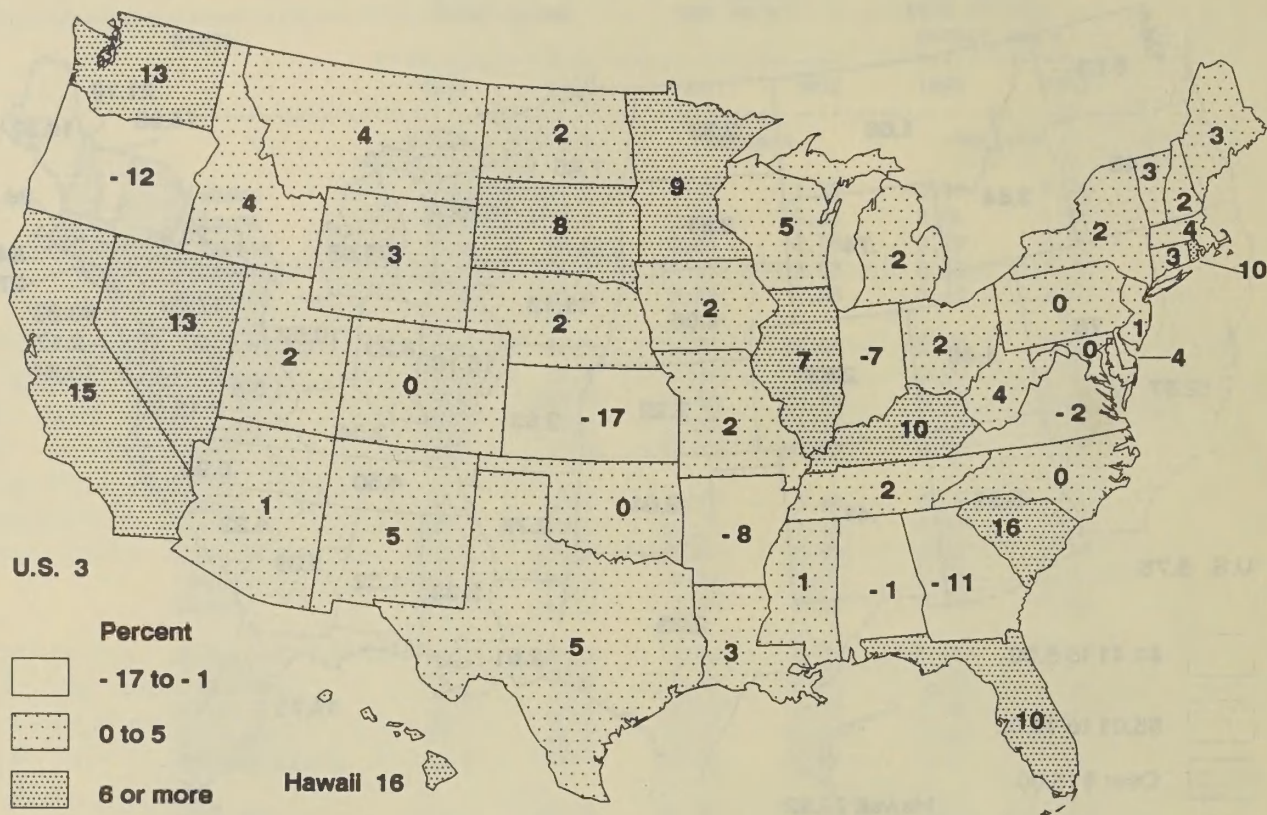
Source: Economic Research Service.

Agricultural real estate taxes per \$100 of full market value, 1992



Source: Economic Research Service.

Percent change in agricultural real estate tax per acre, 1991 to 1992



Source: Economic Research Service.

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